

AWARD OF CITY OF INDUSTRY FUNDS

City of Industry Funds (Industry Funds) consist of tax increment funds collected by the City of Industry's Redevelopment Agency, which have been transferred to the Housing Authority to administer for the development of low- and moderate-income housing. On June 2, 1998, the Board adopted an Allocation and Distribution Plan for the disbursement of Industry Funds in incorporated and unincorporated areas within a 15-mile radius of the City of Industry (Industry Program).

On September 30, 2011, a Notice of Funding Availability (NOFA) was issued by the Housing Authority of the County of Los Angeles (Housing Authority), making available approximately \$12,000,000 in Industry Funds for the development of affordable rental housing. After proposals were received, an additional \$1,450,230 in recaptured funds was made available and placed into the funding pool increasing the amount of funds available for award. Thirteen requests for Industry Funds were received by the November 10, 2011 deadline and seven developments are eligible to receive funds. Combined, these projects would create 219 new units and rehabilitate 48 existing units for a total of 267 affordable units to provide much needed housing for the most sensitive members of our population.

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MOTION

MOLINA _____

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MARCH 13, 2012
PAGE 2

The housing projects would serve the mentally ill, homeless, homeless and mentally ill veterans, developmentally disabled, and seniors living with HIV/AIDS. These projects have all been thoroughly vetted, gone through the necessary entitlement processes, and are relying on low income housing tax credits to backfill their remaining shortfall in order to begin construction. The securing of housing for these populations builds upon the objectives and goals unanimously approved by the Board of Supervisors in the adoption of the "Home for Good" program on April 19, 2011.

The Industry Funds are identified by the City of Industry as an enforceable obligation, and moreover California State law specifies that the Housing Authority has the authority to spend these funds for affordable housing projects on the City of Industry's behalf. However, given the recent dissolution of redevelopment agencies in the State of California, the Housing Authority does not know whether these funds will be reconsidered during the dissolution process. This uncertainty has impeded the Housing Authority's ability to recommend the allocation of Industry Funds for the development of affordable housing under the Industry Program.

The timing for allocating funds for six of the proposed projects is critical. In order for the project developers to apply for Low Income Housing Tax Credits, they must submit their application by the March 22, 2012 deadline to the California Tax Credit Allocation Committee (TCAC). This round of TCAC funding is expected to be much less competitive as compared to the round in the fall of 2012. For example, in 2011, there were 100 less applications and the same is expected for 2012. TCAC is expected to fund approximately 9-10 projects in Los Angeles County during this round, and the aforementioned projects will be in a much more advantageous position for funding should they be able to apply in this upcoming round. Further, it is vital that the proposed developments do not incur additional holding costs.

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MARCH 13, 2012
PAGE 3

If the Industry Fund allocation is not upheld during the redevelopment dissolution process, it implies that all unspent low and moderate income housing funds unspent by former redevelopment agencies will also be reallocated back to the taxing entities, of which the Los Angeles County's Chief Executive Officer estimates would result in a payment to the Los Angeles County General Fund of between \$70-93 Million (30-40% of the total tax increment). Given this, the Board of Supervisors should optimize the opportunity to fill the funding gap on these critical projects.

WE THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

Direct the Chief Executive Officer, the Executive Director of the Housing Authority of the County of Los Angeles and the Acting County Counsel to draft a letter for the Board of Supervisors meeting agenda of March 20, 2012, that allows the Board of Supervisors to approve the proposed projects using the City of Industry Funds, and includes language that specifies that the Board of Supervisors is willing to commit \$13,450,230 in Los Angeles County General funds as an alternative source of funds should the City of Industry funds not be upheld as an enforceable obligation.

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